Proceeding
International Seminar

NEW TREND OF LOCAL AUTONOMY IN INDONESIA

UNIVERSITAS KATOLIK PARAHYANGAN

Bandung, 12th September 2011

Centre for Public Policy and Management Studies

Jurusan Ilmu Administrasi Publik

i-cord

(Institute for Community and Regional Development)

PROSIDING SEMINAR

SEMINAR INTERNASIONAL

"THE NEW TREND OF LOCAL AUTONOMY IN INDONESIA"

12 September 2011

THE IMPORTANCE OF LOCAL GOVERNMENT PERFORMANCE MEASUREMENT SYSTEM IN ACHIEVING DECENTRALIZATION GOALS: THE CASE OF INDONESIA

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Abstract

Decentralization in this paper refers to "... the process by which the central government transfers powers, functions and resources to departments and municipalities. Its goal is to increase the autonomy of the sub national levels of government and encourage more direct citizen participation in local public affairs" as defined by Ceballos Medina and Marcela (2002). It is a common practice across the world fo different reasons. In Indonesian context, the implementation of decentralization has been mandated by law No.22/1999 regarding local governance tha was revised into law No.32/2004, and law No.25/1999 regarding Ballance of Central and Local Finace that was also revised into law No.33/2004. Revisionsa on both laws are currently in progress.

According to law No.32/2004 there are three goals of decentralization, namely to increase local welfare, public services and local competitiveness. Since the early stage of its implementation, however, decentralization has encountered with mounted problems, ranging from the problem of interpretation to over democratization in local elections that unable to yield with reputable local leaders as well as unbareable number of local governments resulting from exessive regional proliferation.

It is argue that the implementation of Local Government Performance System (LGPMS), as it is implemented in many countries across the world, can enhance the possibility of accomplishing the goals of decentralization which are set out by law. In adittion this paper provides recomendations on how LGPMS in indonesia should be way-forwarded based on carefull and critical review on EKPOD as one of three mandated Monitoring and Evaluation System by Governmental Regulation No.6/2008.

A. INTRODUCTION

1.   Decentralization as defined by **Ceballos Medina and Marcela (2002)** is *"...the process by which the central government transfers powers, functions and resources to departments and municipalities. Its goal is to increase the autonomy of the sub national levels of government and encourage more direct citizen participation in local public affairs."* So that decentralization process is not ending up within itself, it is an approach and management technique in the form of delegation of authority and responsibility of higher levels of government (national) to a lower level (sub-national). This basic notion of decentralization will be use along the paper in order to to structure discussion.

2.   Empirically, USAID (2000) indicates that the process of decentralization and the development of democratic local government is a phenomenon that continues to grow. It starts from Bolivia to Bulgaria, from West Africa to South Asia. These countries continue trying to give greater powers to local authorities and work harder to make them more responsive and more effective. There are at least three reasons why they do apply decentralization approach. *Firstly,* some countries do so because they want to have a smaller unit of government after the escape from the regime of dictators. *Secondly,* some other countries, do so in order to reduce the size of the central government to become a more efficient market participant. *Thirdly,* there are also some countries that do decentralization because they want to encourage public participation in local level decision making and increase its accountability. The study also highlights the perspective of Western countries are partly represented by the donor, holds assumption that decentralization encourages democracy in countless ways.

3.   Within this line, on the first of January 2001, the Government of Indonesia officially announced two important legal products on Regional Autonomy, namely Law No. 22/1999 on Regional Governance (which was refined into Law No.32/2004 and is currently reviewed) and Law No. 25/1999 (which was enhanced into Law No. 33/2004) regarding Fiscal Balance between Central and Local Government. Both products have given a new hope for government in Indonesia for enforcing different strategy in managing the country, both politically and administratively. Politically, it provides the foundation for the growth of democracy that gives greater authority to the government and local communities. Administratively, therefore, the central government is expectedly lessening its responsibility in carrying out their duties as public servants.

4.   Law No.32/2004 mandates three main goals of decentralization namely: the increasing welfare of society, improving public services and strengthening regional competitiveness. This paper basically aims to argue about the importance of Local Government Performance System, especially EKPOD, in order to measure of how far the main goals of decentralization can be accomplished.

DECENTRALIZATION IN INDONESIA: EMPIRICAL ISSUES

5.   Empirically speaking, achieving goals of decentralization is a complex process and problematic in nature. The following paragraphs identify various problematic empirical issues.

6.   *Firstly*, the process of achieving the objectives of regional autonomy in Indonesia has encountered with various problems since at an early stage. Kartasasmita (2001) through the study of various national newspapers concerning the implementation of local autonomy, identifying and classifying seven problems at the early stages of decentralization. These seven issues are as the following: the differences in interpretation among stakeholders, the problem of competition between areas and tendency on maintaining the central interference, the problem of excessive taxation and public discontent against services, the problem of trade barriers between regions and regional policies that are discriminatory, the problem of uncontrolled destruction of the environment, the problem of foreign policy, and problem use of local identity that leads to an indication of national disintegration.[10]

7.   *Secondly,* although politically Indonesia was praised by the international community as a model of democratic state due to it successfully implemented a direct election system which is relatively transparent, accountable and participatory, but Kartasasmita (2006) suggests, that the road to what is called a consolidated democracy is still very long and steep. This was stated by reference to the four general conditions agreed upon by political experts on consolidated democracy, namely *first,* when sufficient agreement has been reached about political procedures of elected governments. *Second,* when the ruling government is the result of free election process through the popular vote. *Third,* when the ruling government de facto has the ability to produce new policies. *Fourth,* when the executive power, legislative and judicial branches generated by the new democratic process, do not have to share power with other institutions the jure. Failed to

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[10] Kartasasmita, Pius. 2001. *"The Pattern Of Social And Political Unrest In West Java"* Helsinki & Copenhagen: Procedings Of Nias-ICSN Conference Copenhagen, August 31-September 1, 2001

reach the fourth condition, can only be categorized as a non-Achieving or defective democracy.[11]

8.   *Thirdly*, at the empirical level local elections both *pemilukada* (election of local leaders such as *Bupati, Walikota* and *Gubernur*) and *pillegda* (election of local parliament members) which are considerably transparent, accountable, participatory, and siding with the local residents, allegedly gave birth to powerful local elites who are not qualified to carry the goal of autonomy. Viewed from the side of regulation, for example, there are strong indications that products of local legislation are not inline with the higher regulatory systems at national level. In the year of 2009 alone for example, there were over 1,900 identified regulations that are abolished by central government because it was considered in the contrary to the national framework. The failure of local election to yield with capable local leaders, has been officially confirmed by Directorate General Local Automomy of MOHA.[12]

9.   *Forthly*, in the very first five years of the implementation, decentralization in Indonesia was marked by notable increase of newly born regional governments which were resulted from expansive regional division. By 2006 alone, there were at least 173 have formed a new autonomous region consisting of 7 provinces, 135 districts and 31 cities. In mid 2007, the total number of autonomous regions in Indonesia is 492 of 33 provinces and 459 districts. The following graph ilustrates the increasing number of regional governments from 1999 to 2006. Up to now, splitting the area remains one of the most popular themes in the implementation of decentralization and the number of newly born regions till 2009 reaching as many as 205 regions, so that the total number of region in Indonesia reach 530 which are consisted of 399 district, 98 municipality, and 33 provinces (the complete list attached in Appendix 1). Perkembangan terakhir menunjukan jumlah yang jauh lebih tinggi.

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[11] Kartasasmita, Pius.2006.*"Decentralization in Indonesia: It is a Long and Winding Road to Consolidated Democracy"*. Paper presented in International Seminar. Parahyangan Catholic University-University of Giessen.

[12]   Djohermansyah Djohan. "Pilkada Belum Menghasilkan Pemimpin yang Berkualitas". *Wawancara Info Otda*.Edisi 2, Mei-Agustus 2011.

Graph 1. Number of Autonomous Regional Governments 1999-2006[13]
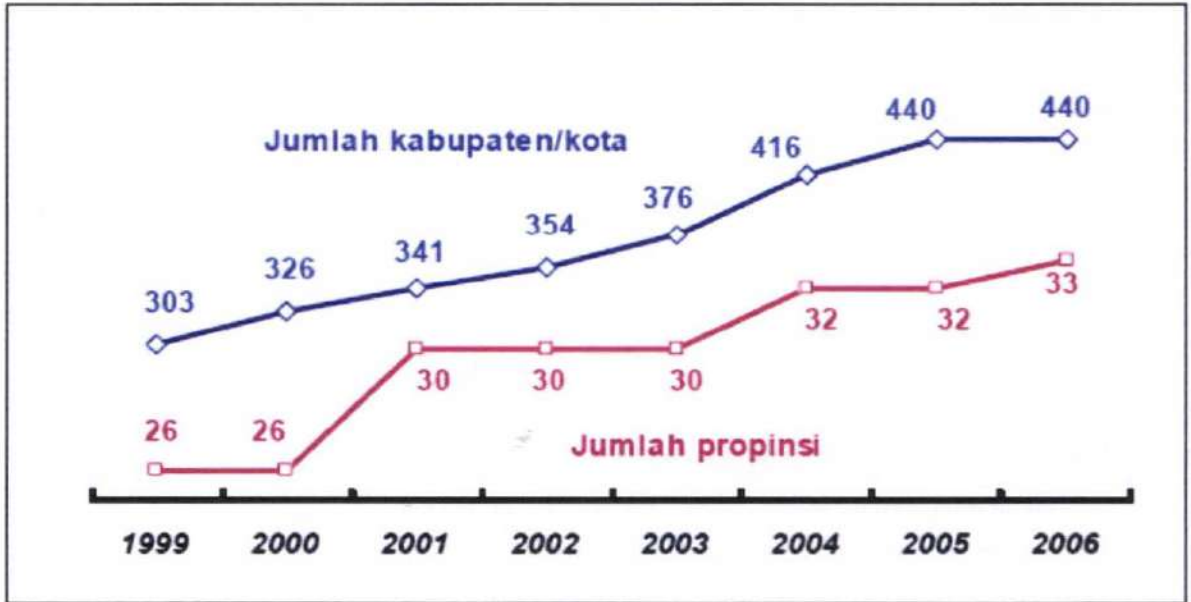
10. Finally, *the fifth*, the increasing of newly born autonomous regions which are resulted from regional division (*pemekaran daerah*), however, are with no offset by the ability to improve the performance of the relevant regions. Various studies on the subject of expansion, whether conducted by Bappenas (2005), LAN (2005), MOHA (2005) and BRIDGES (2008); indicates that output is achieved by the newly born regions, both in terms of economic and financial performances, public services as well as local government personnels, are not as expected when the regional expansion done. There are strong indications that the expansion process is done mainly to accommodate the interests of local political elites alone, rather than dedicated to the achieving goals of decentralization as mandated by law. BRIDGE Studies (2008) specifically shows that for five years, initial and control regions, is always better than the new autonomous region in all aspects studied.

11. Comparatively, the spread of the phenomenon of splitting of autonomous regions as a result of the decentralization policy, not only unique to Indonesia. It is also commonly found in many countries such as Canada, Russia, Nigeria and Pakistan. However, the regional expansion phenomenon which is happening in Indonesia now has the ability to manage it beyond rational and not based on thorough consideration. There are strong indications that most of the autonomous regions which are formed, not the result of an

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[13] Adopted from Presidential Annual Speech, 2007.

adequate feasibility study, but is a serious business of local political elites to gain and maintain power. The defeat in the election and dissatisfaction towards the head area being in power, is the principal cause of division. As a result, the main purposes of decentralization to bring public services to the community, enhance public welfare and improve the competitiveness of the region are shifting into backwardness.

12.   Legally, regional division in Indonesia is not that simple and it is done without storng foundation. Law no. 32/2004 sets up 3 (three) requirements that must be satisfied administrative requirements, technical requirements, and physical or territorial requirements. Administratively, a region can be divided if there is political approval of DPRD and Regent/Mayor who will be the coverage area of the province, the provincial parliament approval of the parent province and the governor, and the recommendation of the Minister of Home Affairs. As for the technical requirements that must be met for the area to be divided include the factor of economic, cultural, social, political capacity, population, area, defense, security, and other factors that enable the autonomous region. And finally, the physical requirements include at least 5 (five) districts for the establishment of a new province, at least 5 (five) districts for the establishment of a new district, and 4 (four) districts for the establishment of a city, in addition to having the location of candidate capital, as well as government facilities and infrastructure.

13.   The fact that regional division is based on two regulations, namely Law Number 32/2004 on Regional Governance and PP 78/2007 on Procedures of Formation, Removal, and Regional Merger, would be more than sufficient legal basis. The question remains, however, whether the central government can control the course of the regional division by using legitimate and yet powerful instrument and mechanism in order to ensure achieving three goals of decentralization set out by law.

14.   Having discussed all empirical issues above, it is also confidently argued that the implementation of Local Government Performance Measurement System, as a monitoring and evaluation tool, will eventually enhance the capacity of local and regional governments in mastering their own local autonomy.

INTERNATIONAL PRACTICES OF LGPMS

15.   In the bibliography, there are many guide books have been written about what it is measuring performance, why do performance measurement, and how to do it. One worth reading, among others, Guidebook for Performance Measurement, written by Patricia Lichiello, Bernard J. Turnock. Although the book focuses on the discussion of performance measurement in public health, but this book presents a basic understanding of performance measurement in general.[14]

16.   This part begins with Lichiello's definition on performance measure that says: "...*a performance measure is the specific quantitative representation of a capacity, process, or outcome deemed relevant to the assessment of performance.*" To date, there has been significant and continuous efforts done in developing instrument that used for measuring local government performances. Among others, it was a book which is written by Wilde, Narang, Laberge, and Moretto to meet the needs of UNDP Country Offices and other stakeholders. This book contents variety of tools and methods which can be used to measure, assess, and monitor local government performance. The book also discusses theoretical framework on local government performance measurement, and reviewes performance measurements which have been and are being undertaken by various countries across the world.

17.   Empirically, there are many countries that already carry out local government performance measurement. One of the developing countries that apply the local government performance measurement has long been the Philippines. Performance measurement in the country starting in 1991. Through the Local Government Code (LGC), the Philippine government encourages each Local Government Unit (LGU) to measure the performance of governmental units in each region.

18.   In pranctice there are five measuring instruments used by the government, namely:

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[14] Patricia Lichiello, Bernard J. Turnock. *Guidebook for Performance Measurement.* TurningPoint Collaborating for a New Century in Public Health.

a. Local Productivity and Performance Measurement System (LPPMS) Measuring the performance of each LGU to measure the impact of multisectoral and services provided, facilities, projects, plans, programs, policies, as well as good governance.

b. Local Governance Performance Management System (LGPMS) - Self-Assesses. Performance Assessment of the LGU itself with measuring the impact of multi-sectoral, effectiveness / quality of services, facilities, projects, plans, programs, policies with emphasis on good governance, and administration (including one with the other, community participation, justice, orientation to services, capital society).

c. Minimum Basic Needs Survey (MBN) measure the basic services provided, the facilities at the level of "barangay" and its impact to the community.

d. Integrated Rural Accessibility Program (ILO-IRAP) Assesses accessibility of facilities and services, especially in the primary industry.

e. Population Development (POPDEV) Indicators assesses socioeconomic characteristics based on demographics information.

19.   With regards to the Philippines practice, in summary, the Asian Development Bank report, that the success and sustainability of poverty reduction programs and improved services can be developed on a massive scale if it is implemented under cooperation between the LGU and its main stakeholders. Local stakeholders should be involved in every stage of the entire program. Their involvement will translate well into local ownership of the program as a whole, as well as the use of performance measurement. Their sense of belonging can help build public confidence, strengthen the people, to motivate both LGU-LGU and their constituents to achieve continuous improvement in the quality of community life.[15]

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[15] Asian Development Bank. 2006. *Performance Measurement At The Local Level.* Final Report.

20.   Implementation of local government performance measurement in the United States, can be read in the papers Melkers and Willoughby.[16] They studied the influence of performance measurement information to decision making, communications and other operations on local governance in the United States. They took the national survey data to the administrator of the city and rural areas (counties) as well as financial officials from nearly 300 local governments. Their results showed that performance measurement is used widely and persistently by the local department, but respondents were not so sure about the effectiveness of such measurements.

21.   Their results show, that the implementation of performance measurement and the use of performance data in the budgeting process, changing perceptions and real communication patterns of local administrators, elected officials and residents. Their results also showed significant differences between city and village administrators (county) in the use of performance measurement for the purpose and process of budgeting. Implementation of local government performance measurement in the United States, also can be read in the writings of Barbara J. Cohn Berman.[17]

22.   In the UK local government performance measurement are introduced through the use of performance indicators. The systems is associated with a movement towards improving the quality of public services provided by local government for the community. State Government of Victoria, Australia, enact legislation that requires local 78 board of the State to report on their performance through the Regional Government Office in the Department of Infrastructure. Method of reporting done through the provision of indicator values that have been determined through regulation. Vu X and his colleagues conducted a survey of local government officials in Victoria are responsible to the council to prepare a report of performance indicators to the state government. The study reported readiness councils in generating performance indicators and the perceptions of local government officials about the connection between performance and the quality of service provided by Victoria to the people. Their results conclude that there is no problem about the enthusiasm for carrying out government performance measurement indicators of Victoria,

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[16] Melkers, Julia, Katherine Willoughby. "Models of Performance-Measurement Use in Local Governments: Understanding Budgeting, Communication, and Lasting Effects"

[17] Barbara J. Cohn Berman. "Involving The Public In Measuring And Reporting Local Government Performance." *National Civic Review*. Spring 2008

although most of the council looked at it only as a problem of compliance with regulatory rules, rather than meripama suite of tools that contribute in improving the service.[18]

23.   Information about the implementation of performance measurement in Dutch local government in the dissertation can be read Willem Jan van Elsacker which traced the practice of performance measurement in Dutch government far into the 1950's.[19] In New Zealand, local government performance measurement even conducted an independent marketing consultant in 2007 and 2008. Performance and the importance of service evaluated by using the Service Performance Index. The data was collected using qualitative and quantitative methods and the results are communicated, both to the city council and the community. In the report, the consultant team presented the background of the performance of government services in New Zealand and describes the level of services being developed, particularly for the South Island city council.[20]

24.   Implementation of local government performance measurement was also carried out in countries of Eastern Europe and the Balkan peninsula, especially the former Yugoslavia and Albania. In these countries, constitutional amendments are considered not able to overcome the problems of public sector management of the legacy of communist government. Highly bureaucratic public administration to deliver services to the poor, tend to harass the legitimacy of democratic institutions and alienate people from politics. Institutional changes are requiring a systematic effort and administrative law reform, informal practices, and attitudes. It can only be done by introducing an efficient tool to rationalize public sector management, and provide opportunities to the community have information about public policy and institutional development.[21]

25.   Having many best practices at international level, the implementation of RGPMS in Indonesia in particular the implementation of EKPOD, can be placed in a wide range of comparative perspective.

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[18] Vu X. Thuy and John F Dalrymple. In Local Government In Victoria. Centre for Management Quality Research at RMIT ; R&D Division. Australia.

[19] Willem Jan van Elsacker. 2007. Roles of performance measurement in local government; Explorative case studies in Dutch municipalities. EPM Sneek Netherlands, First Edition, digital.

[20] Tim Breitbarth1, Rob Mitchel1 And Rob Lawson2 Service Performance Measurement In New Zealand Local Government – The Case Of A Large South Island City Council. Orange Consulting Ltd, New Zealand And 2university Of Otago, New Zealand
[21] Željko S˙Evic' (Ed.). Gauging Success: Performance Measurement In South Eastern Europe. Local Government And Public Service Reform Initiative

B. THE IMPLEMENTATION OF LGPMS IN INDONESIA

26.   In Indonesian context, local government performance measurement system is notable. Many legal products at various levels are exist. Some of them are as the following: Presidential Directive Number 7/1999 (which was followed by Decree of the Head of LAN No.239/IX/6/8/2003 dated on 25 March 2003) regarding the Government Performance Accountability Report. Among others, there has also been Governmental Regulation No.105/2000 regarding Regional Financial Management and Accountability (in connection to Governmental Regulation No.58/2005 regarding Regional Financial Management). Next is Law No.17/2003 regarding State Finance, Law No.25/2004 regarding System of Planning and National Development, Law No.32/2004 regarding Regional Government, Law No.1/2005 regarding Revenue and Expenditure Budget for Fiscal Year 2005, Law No.15/2004 regarding the Management Audit and State Financial Responsibility, Law No.33/2004 regarding Financial Balance between Central and Local Governments, Governmental Regulation No.3/2007 regarding Regional Governance Report to the Government, the Chief of Regional Representatives Board and Local Community. Finally there has been Govermental Regulation No.6/2008 on Guidelines Evaluation of Regional Government.

27.   However, the full statutory rule does not necessarily mean that local government performance measurement has become a real part of everyday governance. The number of rules can also mean overlapping or even conflicting of one rule with another. Problems found by USAID suggesting that the Government of Indonesia is still focused on the measurement of input and output instead of overall results (outcomes), benefits and impact. This means that performance measurement is still focused on how many resources have been spent, including still wrestling with budget amounts provided and its realization, but has not been paying attention to the outcome and impact of government activities, for instance, to the process of service delivery to local community.

28.   Mandate legislation to date and more comprehensive courses set forth in Governmental Regulation No.6/2008 regarding Guidelines for Evaluating the Operation of Local Government (EPPD). In Article 1 of the regulation mentioned, that local government is obliged to measure the performance of local government administration. Assessment of

the implementation of local government affairs is measured from the inputs, processes, outputs, outcomes, benefits, and/or impact. Evaluation of Regional Government (EPPD) includes three evaluation system, namely the Evaluation of Local Government Performance (EKPPD), Evaluation of Capability in Implementing Regional Autonomy (EKPOD), and Evaluation of New Autonomous Region (EDOB).

29.   Ministry of Home Affairs officially announced the results of EKPPD. It happened on Monday, April 25, 2011 which was celebrated as the 15th Local Autonomy Day. There were 33 provinces, 398 districts and 93 municipalities which were evaluated using 173 indicators. It revails that 29 out of 33 provinces were declared have high performance in which North Sulawesi, South Sulawesi, and Central Java were in the top three. While the other four, namely Nangroe Aceh Darussalam, Papua, West Sulawesi and Central Sulawesi were categorized in a medium performance rank in which Central Sulawesi is at the very bottom.

30.   As many as 343 out 398 district were also evaluated. As many as 269 kabupaten are categorized in high performed kabupaten in which Jombang, Bojonegoro, Sragen, Pacitan, Boalemo, Enrekang, Buleleng, Luwu Utara, Karanganyar and Kulon Progo, were in the best ten. As many as 70 kabupaten were in medium category, the rest 5 kabupaten in low category namely Parigi Moutong, Halmahera Utara, Supriori, Tolikara, and Seram Timur is ini very bottom.

31.   In terms of municipality, as many as 86 out of 93 were evaluated. The result revails that 82 municipality were categorized in high performed category in which the followings are in the best ten, namely Surakarta, Semarang, Banjar, Yogyakarta, **Cimahi**, Sawahlunto, Probolinggo, Mojokerto, Sukabumi and Bogor. In the mean time four municipalities, namely Tomohon, Singkawang, Palu and Kupang were in medium category in which Kupang is in the bottom.

32.   With regards to the implementation of EDOHP, which was specifically implemented to the newly born regions resulted from regional division, revails that the best seven provincial government are as the following Maluku Utara, Gorontalo, Kepulauan Bangka Belitung, Sulawesi Barat, Kepulauan Riau, Banten, and Papua Barat. While for the newly born district revails with the best ten kabupaten namely Dharmas Raya of West Sumatera, Bangka Tengah of Kepulauan Babel, Samosir of North Sumatera,

support central government to formulate decentralization related policies such as capacity development policy, abolision and merging policy and other nation wide policies. [23]

37. *Data Collection.* EKPOD has been completed with six instruments that consist of two main forms and four attachement forms. *Form 1,* is element data form designed to collect 174 element data for 119 key indicator since some indicators consists of more than one element data. *Form 2,* is EKPOD Data Form (EDF) that includes 119 EKPOD key indicators as it is extracted from Form 1. *Form 3,* is a status alert regarding data availability and calculated indicator value. *Form 4,* is a form for calculating Human Development Index (HDI) and its clasification. *Form 5,* is a form for calculating HDI components. *Form 6,* the last form, is a form for calculating growth factor of 119 EKPOD key indicators. All those forms, are in principle digitally designed but is also provided manually calculated in paper.

38.   Initial EKPOD Data collecction is mandated to all provincial as well as district and municipal governments. The new born provincial or local government which were established after 2004, initial data collection is mandatory since the establishment date till 2008.

39. *Evaluation Stages.* As mentioned in the goals of EKPOD, there are two major evaluation stages that proceed by EKPOD, evaluating HDI performance (Stage 1) and evaluating three decentralization goals (Stage 2). However, developing baseline data should be conducted prior to conducting those two-step evaluation. Earlier paragraphs discussed of how to collect data for developing baseline data. The next paragraphs deal with how to run two-step evaluation step by step.

Stage 1: Analyzing Human Development Performance
40.   Human Development Performances, according to Article 44 point d of PP No. 6/2008 are evaluated by using two analitical approaches, internal and external analysis. The former refers to the analysis of Human Development Index (HDI) performance of particular local or regional government across time, while the later measures HDI performance of particular local or regional government at particular point of time in

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[23] *Toolkit EKPOD*, p.12.

comparison with other local government within the same region, or comparing one regional government with its peers at national level, or comparing performance of local or regional government to either national or international benchmark.

41.   Internal analysis, on one side, measures development of HDI performance in a particular local or regional government that is calculated based on calculation of its *annual rate of reduction shortfall* (*r*) using the following formula:

$$r = \sqrt[n]{\frac{HDI_{(1+n)} - HDI_{(t)}}{HDI_{(ideal)} - HDI_{(t)}}} \times 100$$

The results will be categorized as the following:
High HDI ≥ 80, Medium: 50 ≤ HDI< 80 and Low HDI< 50.
For Indonesian case, medium category is devided into *upper medium* 66 ≤ IPM< 80 and *lower medium* 50 ≤ IPM< 66.

42.   Given the resulted HDI score of each local or regional governments, excel will automatically locate any particular local government in one of eight categories A+, A, B+, B, C, C-, D, D-. The following chart shows position of each category based on both the value and the sign of HDI measures.

Table 1. Categories of HDI Measures[24]
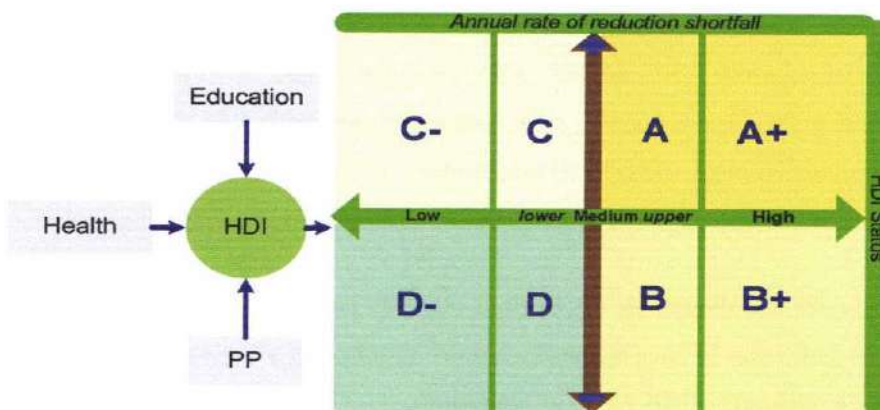
43.   Each category is interpreted as the following:

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[24] Adopted from Toolkit EKPOD, p.

Table 2. Interpretation of HDI Measures

GROUP	STATUS	DECISION
A+	HDI high, r positive	Capacity to achieve decentralization goals is undoubtable
A	HDI upper medium, r positive	Capacity to achieve decentralization goals is undoubtable
B+	HDI high, r negative	Capable to achieve decentralization goals with coutious due to a negative trend
B	HDI upper medium, r negative	Capable to achieve decentralization goals with coutious due to a negative trend
C	HDI lower medium, r positive	Trend is positive needs to identify strategy for enforcing HDI
C-	HDI low, r positive	Trend is positive needs to identify strategy for enforcing HDI
D	HDI lower medium, r negative	Needs second step of evaluation
D-	HDI low, R negative	Needs second step of evaluation

44. It is expected that each of local or regional government has positive trend of HDI performance over time within five consecutive year.

45. External analysis, on the other side, measures HDI performance of particular local or regional government at particular point of time in comparison with other local government within the same region, or comparing one regional government with its peers at national level, or comparing performance of local or regional government to either national or international benchmark.

46. Local or regional government that has HDI score equal or higher than 80 is clasified in *high* category. While that with HDI score equal to or higer than 50 but lower than 80, will be classified as *medium* and the local or regional government with score HDI lower than 50 will be classified in *low* category.[1]

47. Both internal and external analysis are also applied to each individual components of HDI namely life expectancy, literacy, average year of schooling, and purchasing power. The maximum value of each component is set by UNDP standard as the following, 85 year for life expectancy, 100 for literacy, 15 year for schooling and 737.72 for purchasing power.

48.   Given the result of internal and external analysis on both overall HDI measure as well as its individual components, National Team determines whether or not the second step of evaluation, which is evaluation on three decentralization goals, is necessary.

Stage 2: Analizing Three Goals of Decentralization

49.   Analyzing decentralization goals as also the previous stage of analysis on HDI measures, applies two kinds of analysis which are internal and external analysis. Internal analysis, in the first place, includes four steps namely calculating value of 119 key indicators using attachement of PP 6/2008, calculating growth factor (gf) of each key indicators, calculating negative values, and interpreting the results. External analysis, in the second place, includes two major steps namely comparing index of 119 key indicators among peer local governments and interpreting the results. The following paragraphs discuss each steps in more elaborate way.

50.   *The first step* in analyzing decentralization goals using internal approach is to calculating values of 119 key indicators. Such values are generated from values of element data and calculated by using formulas attached in PP 6/2008.

51.   *The second step*, is to calculate growth factor (**gf**) of those key indicators using this formula **gf=(It1-It0)** in which **It1** is indicator value in particulat time while **It0** is indicator value in time zero as its time reference. The result will be categorized into three following categories: positive growth (gf>0), no growth (gf=0), and negatif growth (gf<0).

52.   The next step, *the third,* is to reverse negative indicator value. As it might be recognized, there are twelve indicators that have negative values namely inflation rate, Gini Index, percentage of malnutrition, domestic abbuse, average number of children in the family, independent ratio, flooding area, drain area, criminal rate, number of demonstration in a year, permit or lisence processing time, industrial and labor conflict rate. Those values should be reversed prior to calculating their gf values. Formula for calculating such values is **gf=(It1-It0) x (-1).**

53.   Finally is *the fouth step,* is to interprete the result and make decision towards each evaluated local and regional government. Local or regional governments which has 75% of 119 key indicators positif (gf>0) should be considered as successful to reach decentralization goals. While local or regional government which has 75% of 119 key

indicators index equal to 0, should be considered as stagnant, and those which 75% of 119 key indicators <0, should be considered as fail to achieve decentralization goals.

54. External analysis approach, in the second place, is simply comparing values of 119 key indicators among peer local governments by multiflying every positif *gf* by 1, every *gf* that equal to 0 by 0 and every negatif *gf* by -1 and add on all together. At the end National Team could rank local and regional government based on the total score obtained by each local or regional government. The following table illustrate of how external approach is proceeded to a given Kabupaten A to Kabupaten E.

Table 3. Regional Government Ranking Calculation[25]

Kabupaten/ Kota	Jumlah IKK (>0) (+1)	Jumlah IKK (=0) (0)	Jumlah IKK (<0) (<0)	Skor	Ranking
Kabupaten A	98	1	11	87	3
Kabupaten B	112	2	10	102	2
Kabupaten C	92	3	12	80	4
Kabupaten D	119	0	0	119	1
Kabupaten E	90	2	27	63	5

D. CONCLUDING NOTES

55. It is concluded that from the general system point of view, EKPOD system works towards its goals. It structure and process can be ilustrated in the following graph.

Graph 2. The Structure and the Process of
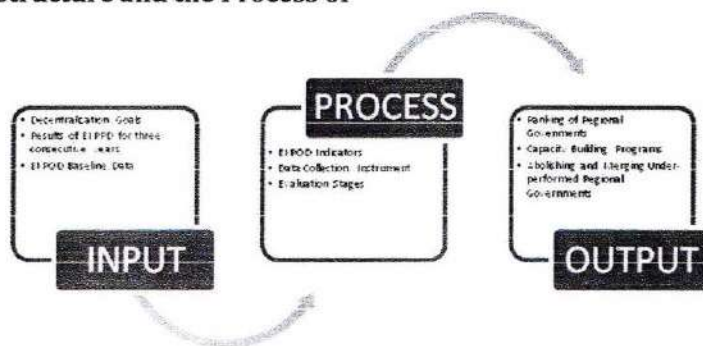
EKPOD

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[25] Adopted from Toolkit EKPOD, p.

56.   Having critically reviewed it, first of all, the implementation of EKPOD needs to be focused on its goals. As it has been discussed earlier, the goals of the system are threefold. *Firstly*, to help central government in developing local and regional government reliable baseline data. *Secondly,* to provide structured data and information to central government in order to assess the capacity of local and regional governments in achieving decentralization goals. *Finally*, to support central government to formulate decentralization related policies such as capacity development policy, abolision and merging policy and other nation wide policies. Without keeping in mind these three system goals, the effectiveness of EKPOD will be difficult to measure. Developing reliable and integrated baseline data, of course, is the most important first step to do.

57.   Secondly, it has been strongly identified that EKPOD system was built not on a solid theoretical basis. Despite the fact that 119 indicator of EKPOD have been mandated by law and leggally attached to it, they seem to be resulted from technical adhockism. Down-sizing the number of indicator and revision of the law can be politically incorrect and costly, strengthening a solid theoretical basis is necessary for understanding and making sense of the results without facing political consequences. Otherwise, the spirit of adhockism reflected in huge number of indicator will lead the implementation of EKPOD no where.

58.   The first notable adhockism is prevalence in the form of inequal distribution of indicator for each aspect which are representing three goals of decentralization. Otherwise, it is not theoretically assumed that those three goals of decentralization are not equally important. Tabel 4 bellow ilustrates the spoken adhockism.

Tabel 4. Number Of Ekpod Indicators By Aspect And Focus[26]

ASPECT	FOCUS	NUMBER OF INDICATOR
Social Welfare	Economic welfare and equality	6
	Social Welfare	12
	Arts, culture and sports	4
Public Services	Basic services	30
	Supporting services	34
Local Competitiveness	Regional economic capacity	4
	Local infrastructure	17
	Investment climate	6
	Human Resources.	2
TOTAL	**9**	**115**

59.   Thechnical adhockism also appears when the given numerous indicators of EKPOD are classified in different type of categories. The number of indicators which are measuring input, process, output and outcomes are not equal in number for each aspect. Tabel 5 below shows unsystematic design of the spoken indicators.

Tabel 5. Number Of Ekpod Indicators By Type[27]

TYPE	WELFARE	PUBLIC SERVICES	COMPETITIVENESS
Input	0	16	7
Process	0	0	1
Output	5	15	6
Outcomes	17	33	15
SUB TOTAL	**22**	**64**	**29**
TOTAL	**115**		

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[26] Accomodated from Toolkit EKPOD, p.
[27] Adopted from Tooklit EKPOD, p.

60.   With regards to solid theoretical basis, there are mounted body of knowledge which has been discussed earlier. However, it is important and yet challenging to always to down-earthed any theoretical framework into the local context and content. Ultimately, a solid basis of theory should be grounded in social and political reality. Conducting systematic research and mapping perception of various stake-holders on three goals of decentralization in Indonesian context, might necessary and will worth the effort.

61.   *Thirdly*, as noted earlier, developing baseline data is mandatory and very critical before EKPOD is actually carried out because it will be the reference area of performance assessment in achieving the objectives of decentralization. Thus, it must be implemented before the next two stages, namely to assess the capacity of local and regional governments in achieving decentralization goals and to support central government to formulate decentralization related policies such as an abolision and merging policy.

62.   *Forthly, Data Availability.* LGPMS team has previously exercised EKPOD by collecting and analizing data from 17 out of 40 piloting local governments. Data availability in 17 districts and cities are all low as shown in Table 6 below. It shows that the level of data availability in both the central and local governments have not significantly able to fulfill the purposes of baseline data of EKPOD system. The following table shows the availability of data collected from 17 districts / cities.

Tabel 6. Percentage of EKPOD Data Availability[28]

No.	Name of District/City	Data Availability
1.	Banten	50 %
2.	Bogor	47 %
3.	Buton	73 %
4.	Kediri	52 %
5.	Daerah Istimewa Yogyakarta	46 %
6.	Lombok Barat	85 %
7.	Lombok Tengah	60%
8.	Nusa Tenggara Barat	60 %
9.	Tangerang	56 %
10.	Pandeglang	63 %
11.	Serang	53 %
12.	Lampung Timur	60 %
13.	Lebak	41 %
14.	Palembang	67 %
15.	Sleman	36 %
16.	Subang	67 %
17.	Sulawesi Utara	54 %
Average of data availability		57%

Source: LGPMS Survey, 2008.

63.   *Fifthly, Integrating Data.* Based on initial survey conducted by a team of LGPMS, it is identified there are two main sources of EKPOD data, the central agencies and regional institutions. It is advisable, therefore, to form two teams in the structure of data collection

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[28] Adopted from LGPMS Survey

of EKPOD, national and regional team. Data at the centre can be directly handled by the technical team of national team (TIMNAS) under direct control by the central data management team. As for the data from the regions are advised to expand coordination of regional institutions under coordination of Regional Secretary (SEKDA) and Regional Development Planning Bureau (Bappeda).

64.   *Seventhly, Down-sizing EKPOD Indicators.* Down-sizing the number of EKPOD indicators is the next to last steps to deal with as far as implementing the system is concerned. First of all, EKPOD has not been fully implemented yet, any flaw of the system can be gradually refined while the system is in operation. Significant improvement in providing integrated reliable baseline data and overcoming obstacles in collecting data would be more significant for improving the quality of the system. As argue by many, there is no perfect system, but there is always a way to come up with the expected output by the selecting the best quality input and challenging the on going proccess.

65.   Nonetheless, if the down-sizing the number of indicator is considered as a feasible alternative, Kartasasmita at.al. (2010) have run initial exercise to do so. The exercise employs factor analysis which is one of the features contained in SPSS statistical program that serves to identify the factors that underlie a study in a set of observed variables.[29] Complete indicators resulted from factor analysis are shown in Tabel 7 in the next page.

[29] Kartasasmita, Pius and Gandhi Pawitan.2010. *Decentralization dan Pengukuran Kinerja Pemerintahan Daerah.* Laporan Penelitian Hibah Strategis Nasional-DP2M-Kemendiknas.

Tabel 7. EKPOD Indicator Resulted from Factor Analysis[30]

DECENTRALIZATION GOALS	NO.	NAME OF INDICATORS
SOCIAL WELFARE	1	Human Development Index (HDI)
	2	GDP Per Capita
	3	Figures for average length of school
	4	Literacy rates
	5	Figures for life expectancy
	6	Percent of population above poverty line
PUBLIC SERVICES	7	Percentage of budget for public services in the area
		a. Health
		b. Education
		c. Population
		d. Transportation
	8	Percentage of residential bersanitasi
	9	Percentage of population-access drinking water
	10	The ratio of number of medical personnel to total population
	11	The ratio of resident population berKTP unity
	12	The ratio of babies born berakte
	13	The ratio of route permit
	14	The number of KIR test of public transport
	15	Proportion of road network length in good condition
	16	Availability Ratio school / school age population
	17	The ratio of teachers to pupils
	18	Old licensing process
	19	Labor force participation rate
	20	The total cost of a nationwide investment (PMDN / PMA)
REG. COMPETITIVENESS	21	Household consumption expenditure per capita
	22	Productivity Levels
		a. Agriculture
		b. Finance
		c. Transportation and Communication
		d. Manufacturing Industry
		e. Mining and Quarrying
		f. Trade
		g. Services
	23	The number and kinds of taxes and levies
	24	The number of regulations that support the business climate
	25	Percentage number of criminals who handled against crime

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[30] Adopted from Pius Suratman Kartasasmita, 2010. *Desentralisasi dan Pengukuran Kinerja Pemerintahan Daerah*. Research Report to DP2M-Ministry of Education.

66.   At last, revising law as well as formulating it, is not an easy task, but it is more challenging for any government to implement it as has long been express by Wilson (1887): *"... it is getting harder to run a constitution than to frame one."*

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